

# **Exhibit A**

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**FILED**  
**SAN MATEO COUNTY**

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Clerk of the Superior Court  
By   
DEPUTY CLERK

FILE BY FAX

SUPERIOR COURT OF THE STATE OF CALIFORNIA  
COUNTY OF SAN MATEO

AVNER GREENWALD, Individually and on  
Behalf of All Others Similarly Situated,

Plaintiff,

v.

RIPPLE LABS, INC., a Delaware Corporation,  
XRP II, LLC, a South Carolina Limited Liability  
Company, BRADLEY GARLINGHOUSE,  
CHRISTIAN LARSEN, RON WILL,  
ANTOINETTE O'GORMAN, ERIC VAN  
MILTENBURG, SUSAN ATHEY, ZOE  
CRUZ, KEN KURSON, BEN LAWSKY,  
ANJA MANUEL, and TAKASHI OKITA,

Defendants.

Case No.

**18CIV03461**

**CLASS ACTION COMPLAINT FOR  
VIOLATIONS OF THE SECURITIES ACT  
OF 1933**

**JURY TRIAL DEMANDED**

18 - CIV - 03461  
CMP  
Complaint  
1244161



COMPLAINT

1 Plaintiff Avner Greenwald ("Plaintiff"), individually and on behalf of all others similarly  
2 situated, by Plaintiff's undersigned attorneys, alleges the following based upon personal knowledge as to  
3 Plaintiff's own acts, and upon information and belief as to all other matters based on the investigation  
4 conducted by and through Plaintiff's attorneys, which included, among other things, a review of  
5 Securities and Exchange Commission ("SEC") filings and commentary, publicly available reports and  
6 information, analyst and media reports, and other commentary analysis. Plaintiff's investigation into the  
7 matters alleged herein is continuing and many relevant facts are known only to, or are exclusively within  
8 the custody and control of, the Defendants. Plaintiff believes that substantial additional evidentiary  
9 support will exist for the allegations set forth herein after a reasonable opportunity for formal discovery.

#### 10 NATURE AND SUMMARY OF ACTION

11 1. Plaintiff brings this securities class action under §§5, 12(a)(1), and 15 of the Securities  
12 Act of 1933 (the "Securities Act") against (1) Ripple Labs, Inc. ("Ripple Labs" or the "Company");  
13 (2) Ripple Labs' wholly owned subsidiary, XRP II, LLP ("XRP II"); and (3) certain of Ripple Labs'  
14 controlling senior executives and directors (collectively, the "Individual Defendants"). Plaintiff alleges  
15 that Defendants sold unregistered securities to investors in violation of the Securities Act. Defendants  
16 are liable in their capacities as issuers, statutory sellers, and/or direct or indirect offerors of XRP.

17 2. Plaintiff brings this action on behalf of all investors who purchased Ripple tokens  
18 ("XRP" or "Ripples") on or after July 3, 2015 and were damaged thereby.

19 3. XRP qualify as securities under Section 2(a)(1) of the Securities Act, 15 U.S.C.  
20 §77b(a)(1). The purchase of XRP constitutes an investment contract as XRP purchasers, including  
21 Plaintiff, provided consideration (in the form of fiat, *i.e.*, U.S. dollars or other cryptocurrencies) in  
22 exchange for XRP. XRP is in investment in a common enterprise and purchasers reasonably expected to  
23 derive profits from their ownership of XRP. Defendants promoted this profit motive as a reason to  
24 purchase XRP.

25 4. No registration statements have been filed with the SEC or have been in effect with  
26 respect to the XRP offerings alleged herein.



1 statutory or common law of any State or subdivision thereof.” *See* 15 U.S.C. §77p. This is an action  
2 asserting only federal law claims. Thus, this action is not removable to federal court.

3 11. Venue is proper in this jurisdiction pursuant to the provisions of California Code of  
4 Civil Procedure §395(a) because certain Defendants reside in San Mateo County.

5 12. This Court has personal jurisdiction over Defendants as a result of acts of Defendants  
6 occurring in and/or aimed at the state of California in connection with Defendants’ unregistered  
7 offer and sale of securities in violation of §§5, 12(a)(1), and 15 of the Securities Act.

8 13. This Court also has personal jurisdiction over Defendants because they reside in or  
9 have their principal places of business in California.

10 **PARTIES**

11 14. Lead Plaintiff Avner Greenwald is an individual and a resident of Israel. Plaintiff  
12 bought and sold XRP in both USD and Bitcoin between December 14, 2017 and May 12, 2018, and  
13 suffered losses on those investments as a result of the scheme alleged herein.

14 15. Defendant Ripple Labs, Inc. is a Delaware corporation with its principal place of  
15 business at 300 Montgomery Street, 12th Floor, San Francisco, California. Ripple Labs operates  
16 RippleNet, a global payments network based on blockchain technology. Through RippleNet, banks  
17 and payment providers can use XRP to process, clear, and settle financial transactions in real-time  
18 worldwide. Ripple Labs created XRP and, at all relevant times, solicited purchases of XRP by  
19 Plaintiff and the Class for its own benefit and the benefit of its executives and owners.

20 16. Defendant XRP II, LLC is wholly owned subsidiary of Ripple Labs. XRP II is a  
21 South Carolina limited liability company with its principal place of business in San Francisco,  
22 California. XRP II sold XRP and solicited the purchases of XRP by Plaintiff and the Class for its  
23 own benefit and the benefit of its parent, Ripple Labs, and its executives and owners.

24 17. Defendant Bradley Garlinghouse (“Garlinghouse”) is the Chief Executive Officer  
25 (“CEO”) of Ripple Labs and has been since January 2017. Garlinghouse was Ripple Labs’  
26 President and Chief Operating Officer from April 2015 through December 2016. Garlinghouse is a  
27 California citizen and a resident of San Mateo County. Garlinghouse exercised control over Ripple  
28

1 Labs and directed and/or authorized, directly or indirectly, the sale and/or solicitation of XRP to the  
2 public.

3 18. Defendant Christian (Chris) Larsen ("Larsen") is Executive Chairman of Ripple  
4 Labs' Board of Directors and has been since January 2017. Larsen is also a co-founder of Ripple  
5 Labs and a former CEO of Ripple Labs (through December 2016). Larsen exercised control over  
6 Ripple Labs and directed and/or authorized, directly or indirectly, the sale and/or solicitation of  
7 XRP to the public.

8 19. Defendant Ron Will ("Will") is Chief Financial Officer of Ripple Labs and has been  
9 since November 2017. Will exercised control over Ripple Labs and directed and/or authorized,  
10 directly or indirectly, the sale and/or solicitation of XRP to the public.

11 20. Defendant Antoinette O'Gorman ("O'Gorman") is Chief Compliance Officer of  
12 Ripple Labs. O'Gorman exercised control over Ripple Labs and directed and/or authorized,  
13 directly or indirectly, the sale and/or solicitation of XRP to the public.

14 21. Defendant Eric van Miltenburg ("van Miltenburg") is Senior Vice President for  
15 Business Operations of Ripple Labs. Van Miltenburg exercised control over Ripple Labs and  
16 directed and/or authorized, directly or indirectly, the sale and/or solicitation of XRP to the public.

17 22. Defendant Susan Athey ("Athey") is a Director of Ripple Labs. As a Director, Athey  
18 exercised control over Ripple Labs and directed and/or authorized, directly or indirectly, the sale  
19 and/or solicitation of XRP to the public.

20 23. Defendant Zoe Cruz ("Cruz") is a Director of Ripple Labs. As a Director, Cruz  
21 exercised control over Ripple Labs and directed and/or authorized, directly or indirectly, the sale  
22 and/or solicitation of XRP to the public.

23 24. Defendant Ken Kurson ("Kurson") is a Director of Ripple Labs. As a Director,  
24 Kurson exercised control over Ripple Labs and directed and/or authorized, directly or indirectly,  
25 the sale and/or solicitation of XRP to the public.

25. Defendant Ben Lawskey (“Lawskey”) is a Director of Ripple Labs. As a Director, Lawskey exercised control over Ripple Labs and directed and/or authorized, directly or indirectly, the sale and/or solicitation of XRP to the public.

26. Defendant Anja Manuel (“Manuel”) is a Director of Ripple Labs. As a Director, Manuel exercised control over Ripple Labs and directed and/or authorized, directly or indirectly, the sale and/or solicitation of XRP to the public.

27. Defendant Takashi Okita (“Okita”) is a Director of Ripple Labs. As a Director, Okita exercised control over Ripple Labs and directed and/or authorized, directly or indirectly, the sale and/or solicitation of XRP to the public.

28. The defendants referred to in ¶¶17-27 are referred to as the “Individual Defendants.”

### **SUBSTANTIVE ALLEGATIONS**

#### **A. The Background of XRP**

29. Unlike cryptocurrencies such as Bitcoin and Ethereum, which are mined by those validating transactions on their networks, all 100 billion XRP in existence were created out of thin air by Ripple Labs in 2013. Twenty billion XRP, or 20% of the total XRP supply, were given to the individual founders of Ripple Labs,<sup>2</sup> with the remaining 80 billion retained by Ripple Labs.

30. As for 80 billion XRP held by Ripple Labs, the plan was to sell them and use the proceeds to fund and improve Company operations, including the XRP ledger network.

31. Ripple Labs’ own wiki notes that “Ripple Labs sells XRP to fund its operations and promote the network. This allows Ripple Labs to have a spectacularly skilled team to develop and promote the Ripple protocol and network.”<sup>3</sup>

32. In the first quarter of 2018, “market participants purchased \$16.6 million [of XRP] directly from XRP II, LLC,” XRP II also “sold \$151.1 million worth of XRP” on exchange.<sup>4</sup>

<sup>2</sup> Defendant Chris Larsen received 9.5 billion XRP.

<sup>3</sup> Ripple credits, [https://wiki.ripple.com/Ripple\\_credits#XRP](https://wiki.ripple.com/Ripple_credits#XRP) funds the development and promotion of the protocol and the network (last visited June 29, 2018).

1        33.     Ripple Labs' primary business involves the operation of an open ledger protocol,  
2 payment, and exchange network. The native cryptocurrency for Ripple Labs' exchange network is  
3 XRP. Thus, XRP is both an investment in the Company (as sales are used to fund Company  
4 operations with the expectation that such investments in the Company will increase the value of  
5 XRP) and an investment in itself (with the expectation that the value of XRP will increase), as well  
6 as a means of exchange promoted by Ripple Labs.

7        34.     Ripple Labs' exchange network is based around the XRP Ledger. The XRP Ledger  
8 consists of many servers, called nodes, which accept and process transactions. Client applications  
9 sign and send transactions to nodes, which then relay these candidate transactions throughout the  
10 network for processing. Transactions are then verified and become part of the XRP Ledger through  
11 a consensus process. Every XRP transaction must be made through Ripple Labs' XRP Ledger,  
12 which is maintained by Defendants. In order to open an account on the XRP Ledger, users must  
13 maintain a minimum account balance of 20 XRP. In addition, each time a transaction is made in  
14 XRP, there is a transaction cost to users.

15        35.     Ripple Labs' founders and other Company insiders have also profited individually  
16 from their XRP holdings. In January 2018, Ripple co-founder Defendant Larsen was named one of  
17 the richest people in the United States, with an estimated net worth of \$59.9 billion, primarily due  
18 to the increase in value in XRP and his personal ownership of billions of XRP and his significant  
19 stake in the Company.<sup>5</sup>

20        36.     Defendants have control over how many XRP are in the market.

21        37.     No registration statement has been filed for XRP with the SEC and no registration  
22 statement is in effect for XRP.

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25 <sup>4</sup> Q1 2018 XRP Markets Report, <https://ripple.com/insights/q1-2018-xrp-markets-report/> (last  
visited June 29, 2018).

26 <sup>5</sup> [https://www.cnbc.com/2018/01/04/ripple-co-founder-is-now-richer-than-the-google-founders-](https://www.cnbc.com/2018/01/04/ripple-co-founder-is-now-richer-than-the-google-founders-on-paper.html)  
27 [on-paper.html](https://www.cnbc.com/2018/01/04/ripple-co-founder-is-now-richer-than-the-google-founders-on-paper.html) (last visited on June 29, 2018).



**B. Defendants Solicit XRP Sales**

38. From 2013 to the present, Defendants and their affiliates have been engaged in an ongoing scheme to sell XRP to the general public.

39. Ripple Labs dedicates an entire section of its website to providing advice on “How to Buy XRP.” This section provides links to online exchanges and instructions on “[h]ow to buy XRP” on those exchanges.<sup>6</sup> It also has a section titled “Market Performance” which proclaims that Ripple Labs is “committed to the long term health and stability of XRP markets.”<sup>7</sup>

40. Ripple Labs also consistently promotes the availability of XRP on exchanges. For example, on May 18, 2017, its Senior Vice-President for Business Development, Patrick Griffin, tweeted a link to the Kraken exchange with the caption: “Kraken Introduces New Fiat Pairs for XRP Trading! USD, JPY, CAD, EUR @ Ripple.”<sup>8</sup>

41. Similarly, on or about December 21, 2017, Ripple Labs tweeted in Japanese that XRP was now available on over 50 exchanges.<sup>9</sup> That tweet linked to an article on Ripple Labs’ website which described XRP as “the fastest and most scalable [digital] asset on the market.”<sup>10</sup> It continued, “[t]he market is taking notice of XRP’s speed, reliability and scalability – which has strengthened the demand for XRP and where it’s listed. In fact, we’re proud to announce that XRP has gone from being listed on six exchanges earlier this year to more than 50 worldwide.” The article also links to a number of online exchanges where XRP can be purchased, and states that “XRP’s long-term value is determined by its utility – including its ability to help financial institutions source liquidity for payments into and out of emerging markets.”

<sup>6</sup> XRP Buying Guide, <https://ripple.com/xm/buy-xrp/> (last visited on June 29, 2018).

<sup>7</sup> Market Performance, <https://ripple.com/xrp/market-performance/> (last visited on June 29, 2018).

<sup>8</sup> @patgriffin9, <https://twitter.com/patgriffin9/status/865251321867231233> (last visited on June 29, 2018).

<sup>9</sup> @Ripple, <https://twitter.com/Ripple/status/943999526783905792> (last visited on June 29, 2018).

<sup>10</sup> XRP Now Available on 50 Exchanges Worldwide, <https://ripple.com/insights/xrp-now-available-on-50-exchanges-worldwide/> (last visited on June 29, 2018).

42. Ripple Labs also hosts conferences to generate interest in XRP. For example, between October 16 and October 18, 2017, it hosted a conference named “Swell” in Toronto. Ripple Labs acknowledged that “[a]nticipation around the event spurred a meaningful spike in XRP, pushing it up 100 percent[.]”<sup>11</sup>

43. On the same day, CoinDesk, a subsidiary of Digital Currency Group, which has an ownership interest in Ripple Labs, published an article titled “Ripple Price Passes Historic \$1 Milestone.”<sup>12</sup> This was just one of many instances in which Ripple Labs would promote price movements of XRP.

44. Ripple Labs’ promotion of XRP’s price reached new highs in December 2017. In one instance, Ripple’s XRP product manager retweeted a tweet exclaiming: “Wow, XRP at all-time high! Forget about bitcoin, *we’re all in on XRP!*” (Emphasis added.)<sup>13</sup>

45. Around that same time, on or about December 7, 2017, Ripple Labs announced that it had placed “55 billion XRP in a cryptographically-secured escrow account to create certainty of XRP supply at any given time.”<sup>14</sup> It had been previously announced in May 2017 that this would happen along with a limited distribution schedule. This was done to limit the available supply of XRP and drive price appreciation, which allowed Defendants to maximize profits from XRP sales. The December 7, 2017 announcement stated:

By securing the lion’s share of XRP in escrow, people can now mathematically verify the maximum supply that can enter the market. While Ripple has proved to be a responsible steward of XRP supply for almost five years – and has clearly demonstrated a tremendous track record of investing in and supporting the XRP

<sup>11</sup> 14Q3 2017 XRP Markets Report, <https://ripple.com/xrp/q3-2017-xrp-markets-report/> (last visited on June 29, 2018).

<sup>12</sup> Ripple Price Passes Historic \$1 Milestone, <https://www.coindesk.com/ripple-price-passes-historic-1-milestone/> (last visited on June 29, 2018).

<sup>13</sup> @warpaul, [https://twitter.com/yoshitaka\\_kitao/status/940785785925709829](https://twitter.com/yoshitaka_kitao/status/940785785925709829) (last visited on June 29, 2018).

<sup>14</sup> <https://ripple.com/insights/ripple-escrows-55-billion-xrp-for-supply-predictability> (last visited on June 29, 2018).

ecosystem – this lockup eliminates any concern that Ripple could flood the market, which we’ve pointed out before is a scenario that would be bad for Ripple!<sup>15</sup>

46. The article contained a button to allow readers to share it on Twitter with the caption “Game changer for \$XRP! 55 billion XRP now in escrow.”<sup>16</sup> Ripple also promoted this article through its own tweet, which proclaimed: “55B \$XRP is now in escrow. Interested in what this means for \$XRP markets?”<sup>17</sup> Garlinghouse was even more enthusiastic, tweeting: “Boom! 55 B \$XRP now in escrow. Good for supply predictability and trusted, healthy \$XRP markets. Glad to finally let this #cryptokitty out of the bag!”<sup>18</sup>

47. Ripple’s public commitment to limit the supply of XRP had its intended effect. In the weeks that followed, the price of XRP rapidly increased, from approximately \$0.22 per token on December 7, 2017 to \$3.38 per token on January 7, 2018.<sup>19</sup>

48. Ripple Labs’ CEO, Brad Garlinghouse, has also been a vocal advocate for investing in XRP. In a December 14, 2017 interview with Canada’s Business News Network (“BNN”), when asked if he is personally invested in XRP, the CEO stated “I’m long XRO, I’m very, very long XRP as a percentage of my personal balance sheet.” He continued, stating that he is “not long some of the other [digital] assets, because it is not clear to me what’s the real utility, what problem are they really solving.” And ended by reiterating “if you’re solving a real problem, if it’s a scaled problem, then I think you have a huge opportunity to continue to grow that. We have been really fortunate obviously, *I remain very, very, very long XRP*, there is an expression in the industry HODL, instead of hold, its HODL . . . I’m on the HODL side” (emphasis added).

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<sup>15</sup> *Id.*

<sup>16</sup> *Id.*

<sup>17</sup> <https://twitter.com/Ripple/status/938933967956389889>.

<sup>18</sup> <https://twitter.com/bgarlinghouse/status/938933791145336832?lang=en>.

<sup>19</sup> XRP would subsequently lose nearly all its value in just over three months, falling to a low of approximately \$0.48 per token on April 6, 2018.

1 49. Later that same day, Garlinghouse tweeted: “Bloomberg welcomes \$XRP to  
2 @theterminal and gets it right – #2 market cap behind \$BTC at ~\$80BB!”<sup>20</sup>

3 50. About a week later, on or about December 22, 2017, Garlinghouse tweeted an article  
4 titled “Bitcoin Is So 2017 as Ripple Soars at Year End,” with the caption “I’ll let the headline speak  
5 for itself. \$xrp.”<sup>21</sup>

6 51. On or about January 17, 2018, Garlinghouse tweeted a CNBC article titled “Ripple is  
7 sitting on close to \$80 billion and could cash out hundreds of millions per month-but it isn’t,” with  
8 the caption “A good read on why fostering a healthy \$XRP ecosystem is a top priority at @Ripple.”

9 52. However, the reality was that Ripple Labs was doing exactly that – cashing out.  
10 Defendants sold at least \$167.7 million worth of XRP between January 1, 2018 and March 31,  
11 2018.

12 53. Given its reliance on sales of XRP to fund its operations, it is unsurprising that  
13 Ripple Labs’ aggressively markets XRP to drive demand, increase the price of XRP, and  
14 consequently, its own profits.

15 54. Defendants’ advertising and social media postings also conflate adoption and use of  
16 Ripple Labs’ xCurrent and xVia enterprise solutions with adoption and use of XRP, even though  
17 they often have little to no correlation and do not involve the XRP Ledger. Defendants do this to  
18 drive demand for XRP and thereby maximize profits from XRP sales.

19 55. According to its site, “xCurrent is Ripple’s enterprise software solution that enables  
20 banks to instantly settle cross-border payments with end-to-end tracking. Using xCurrent, banks  
21 message each other in real-time to confirm payment details prior to initiating the transaction and to  
22 confirm delivery once it settles.”<sup>22</sup>

23 <sup>20</sup> @bgarlinghouse, <https://twitter.com/bgarlinghouse/status/941375649549246464> (last visited on  
24 June 29, 2018).

25 <sup>21</sup> @bgarlinghouse, <https://twitter.com/bgarlinghouse/status/944325730338357248> (last visited on  
26 June 29, 2018).

27 <sup>22</sup> Process Payments, xCurrent, <https://ripple.com/solutions/process-payments/> (last visited on June  
28 29, 2018).

1        56.    xCurrent doesn't operate on the same technology as XRP or even require the use of  
2 XRP. In short, there is no reason to believe that adoption of xCurrent would correlate in any way  
3 with adoption of XRP.

4        57.    Nor does use of Ripple Labs' xVia product require adoption of XRP. Ripple Labs  
5 states that its xVia product is "for corporates, payment providers and banks who want to send  
6 payments across various networks using a standard interface."<sup>23</sup>

7        58.    Ripple Labs nevertheless conflates the adoption of xCurrent and xVia with the  
8 adoption of XRP.

9        59.    Another of Ripple Labs' enterprise solutions, xRapid, which does use XRP, is also  
10 used to drive XRP sales (xRapid, along with xCurrent and xVia, are together referred to herein as  
11 "Ripple Labs' Enterprise Solutions").

12        60.    Indeed, Ripple Labs regularly promotes its improvements to the XRP ecosystem,  
13 which are intended to increase demand for XRP and thus potential returns for XRP investors. For  
14 example, in describing the reasons behind the dramatic price appreciation of XRP during the fourth  
15 quarter of 2017, Ripple specifically cited as of "particular importance," the Company's various business  
16 initiatives, including: (i) Ripple's partnership with American Express/Santander; (ii) Ripple's activation  
17 of the previously discussed escrow of XRP to limit periodic offers and distributions; and (iii) a  
18 Japanese/Korean banking consortium backed by the Company.<sup>24</sup> In the report, Ripple stated that its  
19 "consistent and steadfast support of XRP is a major advantage as the payments industry continues to  
20 seriously consider it as an alternative liquidity solution."<sup>25</sup>

21        61.    A November 2015 white paper by the Company highlighted "XRP's Role on Ripple  
22 and the Internet of Value" and how the Company's technologies could turn a "Spark to a Wildfire"

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23        <sup>23</sup>    Send Payments, xVia, <https://ripple.com/solutions/send-payments/> (last visited on June 29,  
24 2018).

25        <sup>24</sup>    Q4 2017 XRP Markets Report, <https://ripple.com/insights/q4-2017-xrp-markets-report/>.

26        <sup>25</sup>    *Id.*

1 by increasing liquidity and efficiencies for cross-border transactions for the Company's banking  
 2 clients. A February 2016 white paper followed up on those purported "network effects," claiming  
 3 that the use of the Ripple network at XRP would increase banks' returns on investment by  
 4 improving the global payment infrastructure.

5 62. In addition, on March 20, 2017, Ripple Labs retweeted a Bloomberg article regarding  
 6 adoption of Ripple Labs Enterprise Solutions, proclaiming "Ripple is the only company in this  
 7 space with real customers who are really in production."<sup>26</sup>

8 63. The price of XRP increased rapidly following this tweet and on March 24, 2017  
 9 Ripple Labs tweeted: "The price of #XRP continues to surge showing that people are looking for  
 10 #bitcoin alternatives."<sup>27</sup>

11 64. On April 26, 2017, Ripple Labs tweeted a link to an article on its own site,  
 12 proclaiming "#Ripple welcomes 10 additional customers to our #blockchain #paymentsnetwork."<sup>28</sup>  
 13 Neither this tweet nor the article it linked to informed readers that the blockchain payments  
 14 network did not refer to the XRP Ledger, but rather Ripple's xCurrent enterprise solution.

15 65. Just days later, on May 3, 2017, with the price of XRP continuing to rise, Ripple  
 16 Labs tweeted: "#Ripple adoption is sparking interest in XRP 'which has had an impressive rally in  
 17 the last months' via @Nasdaq."<sup>29</sup>

18 66. Articles such as "Ripple XRP price picks up pace as demand for xVia API increases"  
 19 have made the direct connection between the price of XRP and the adoption of the Company's  
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 21  
 22

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23  
 24 <sup>26</sup> @Ripple, <https://twitter.com/Ripple/status/844009778309357568> (last visited on June 29, 2018).

25 <sup>27</sup> @Ripple, <https://twitter.com/Ripple/status/845347809830195200> (last visited June 29, 2018).

26 <sup>28</sup> @Ripple, <https://twitter.com/Ripple/status/857267304618278912> (last visited June 29, 2018).

27 <sup>29</sup> @Ripple, <https://twitter.com/Ripple/status/859904105916923904> (last visited June 29, 2018).

Enterprise Solutions.<sup>30</sup> Ripple itself has made this link, for example tweeting on May 16, 2017: “The appeal that Ripple has towards traditional financial institutions is a big advantage it has over Bitcoin.”<sup>31</sup>

67. On June 29, 2017, Ripple Labs tweeted a clip of an interview its CEO Brad Garlinghouse gave on CNBC with the caption: “#XRP-up 4000% this year-has shown the market favors a real use case for #digitalassets . . . .”<sup>32</sup> In that interview, Garlinghouse proclaims that “digital assets are in a position to be more valuable than gold,” and describes XRP as “solving a real-world use case, it’s not just about speculators.”

68. On September 11, 2017, Garlinghouse stated in an interview with CNBC: “People are looking at the success Ripple has been having as a company, *and I think that’s increased the value of XRP.*”<sup>33</sup> (emphasis added). He continued by stating that Ripple wants “to keep focusing on making XRP a valuable payments tool, and that value will increase accordingly,” and he was “voting with my . . . pocketbook on the future increased value of cryptocurrencies.”<sup>34</sup>

69. On November 27, 2017, Garlinghouse tweeted “Ripple & \$XRP are giving business ‘what they want in a #blockchain,’” along with a link to a Motley Fool tweet.<sup>35</sup> That Motley Fool tweet in turn stated that “AmEx and Banco Santander will use Ripple’s blockchain network for instant intl. fund transfers. *Could be a big deal for Ripple’s XRP cryptocurrency.* \$ASP \$SAN” (emphasis added.)<sup>36</sup>

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<sup>30</sup> <https://globalcoinreport.com/ripple-xrp-price-picks-up-pace-as-demand-for-xvia-api-increases/>.

<sup>31</sup> @Ripple, <https://twitter.com/Ripple/status/864635614020251649>.

<sup>32</sup> @Ripple, <https://twitter.com/Ripple/status/880532198025121793> (last visited June 29, 2018).

<sup>33</sup> <https://www.cnbc.com/2017/09/11/ripple-ceo-brad-garlinghouse-on-bitcoin-and-xrp.html> (last visited June 29, 2018).

<sup>34</sup> *Id.*

<sup>35</sup> @bgarlinghouse, <https://twitter.com/bgarlinghouse/status/935225940845711366> (last visited on June 29, 2018).

<sup>36</sup> @themotleyfool, <https://twitter.com/themotleyfool/status/934850515640471553> (last visited on June 29, 2018).



70. Similarly, on December 14, 2017, Ripple Labs tweeted: “The Japan Bank Consortium launched a Ripple pilot with two large Korean Banks – the first time money moves from Japan to Korea over RippleNet.”<sup>37</sup> On that same day, Ripple Labs tweeted “@garlinghouse [its CEO’s twitter handle] on why crypto prices will be driven by real utility, the multi-trillion \$ problem @Ripple is solving and why \$XRP will come out on top.”<sup>38</sup>

71. Ripple Labs would later acknowledge that “neither the AMEX news nor the Korean bank initiative involved XRP.”

72. Nevertheless, this tweet linked to a BNN interview with Mr. Garlinghouse, in which he says:

The reason why XRP has performed so well this year, we’re solving a real problem, it’s a multi-trillion dollar problem around cross-border payments. There is a lot of friction its very slow its expensive, we’re working with the institutions to deal with that, so people have gotten excited. We now have over 100 customers we’ve announced publicly.

He continues,

[A]t the end of the day the value of digital assets will be driven by their utility. If they are solving a real problem, and that problem has scale, and that problem, you know there is real value there, then there will be demand for the tokens and the price will go up. For XRP we have seen because *its required*, its something that can really reduce the friction, and we’re talking about a multi-trillion dollar problem in how cross-border payments flow. And so, I think if you drive real utility, yes there’s going to be demand for that. *XRP is up 100x this year*, and I think it’s *because the problem we are solving people realize is a real problem, it’s a big problem*.

(Emphasis added.)

73. On January 4, 2018, following XRP’s rapid price increase, The *New York Times* published an article by Nathaniel Popper titled: “Rise of Bitcoin Competitor Ripple Creates Wealth to Rival Zuckerberg.”<sup>39</sup> Mr. Popper tweeted a link to this article with the caption: “On the rise of

<sup>37</sup> @Ripple, <https://twitter.com/Ripple/status/941501026267316224> (last visited on June 29, 2018).

<sup>38</sup> @Ripple, <https://twitter.com/Ripple/status/941352005058011137> (last visited on June 29, 2018).

<sup>39</sup> @nathanielpopper, “Rise of Bitcoin Competitor Ripple Creates Wealth to Rival Zuckerberg,” NY TIMES (Jan. 4, 2018).



Ripple. If this is a tulip fever, the fever has spread to chrysanthemums and poppies”<sup>40</sup>. He further commented, “I’ve asked several people close to banks if banks are indeed planning to begin using Ripple’s token XRP, in a serious way, which is what investors seem to assume when they buy in at the current XRP prices. This is a sampling what I heard back:

- Actual use of XRP by banks is not something I’ve heard about, I find the run up absolutely bluffing, as do all the blockchain folks I know at large Fis.
- XRP isn’t used for anything. The hope is that someday it will be by banks, but there really aren’t banks signaling that yet.
- I would be surprised if there have been any real bank transactions done with it (outside of maybe test transactions), despite people making claims to the contrary.
- It’s not clear to me why XRP would be used by banks at all. XRP could potentially be adopted by consumers as a payment rail, although they don’t yet have meaningful traction in that regard.
- I haven’t seen a sufficiently large catalyst in the fundamentals of Ripple to justify a greater than 10x move in the price of \$XRP in the last month.
- In a few years we’re going to look back on 2017 and think WTF were we thinking.”<sup>41</sup>

74. Defendant Garlinghouse publicly responded to this, tweeting: “Over the last few months I’ve spoken with ACTUAL banks and payment providers. They are indeed planning to use xRapid (our XRP liquidity product) in a serious way . . . .” He follows up stating, “I don’t think you want to hear about validation for XRP. The @NYTimes should be above spreading anonymous FUD.”<sup>42</sup> FUD, which stands for fear, uncertainty, and doubt, is an expression frequently used among crypto-investors to deride or undermine criticism of an asset.

75. On January 4, 2018, Ripple’s XRP product manager also attacked Mr. Popper, tweeting: “Do you think I left #Bitcoin and joined @Ripple to build bank software? Think again.

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<sup>40</sup> @nathanielpopper, <https://twitter.com/bgarlinghouse/status/949129952716234752> (last visited on June 29, 2018).

<sup>41</sup> @nathanielpopper, <https://twitter.com/bgarlinghouse/status/949129952716234752> (last visited on June 29, 2018).

<sup>42</sup> @nathanielpopper, <https://twitter.com/bgarlinghouse/status/949129952716234752> (last visited on June 29, 2018).

1 \$XRP.”<sup>43</sup> This tweet linked to a Ripple Labs tweet stating that “3 of the top 5 global money  
2 transfer companies plan to use XRP in payment flows in 2018. Even more in the pipeline.”

3 76. In January 2018, Ripple Labs touted “a partnership with MoneyGram – one of the  
4 world’s largest money transfer companies – to use xRapid and XRP for near real-time cross-border  
5 payments. In addition, there are a number of other xRapid deals at various stages of completion in  
6 the pipeline.” It also stated that it wanted “to build the necessary markets infrastructure for  
7 eventual direct usage of XRP by financial institutions.” Defendant Garlinghouse commented on  
8 this partnership, saying: “And to be clear: @MoneyGram announcement is one step in a marathon  
9 ahead to truly make \$XRP the global liquidity solution for payment providers and banks.”<sup>44</sup>

10 77. By way of the internet, including Ripple Labs’ website, Twitter, and the over 50  
11 cryptocurrency exchanges that trade XRP, interstate means are used in connection with the offer  
12 and sale of XRP.

### 13 **C. XRP Is a Security**

14 78. Plaintiff and the Class invested fiat, including U.S. dollars, and other digital  
15 currencies, such as Bitcoin and Ethereum, to purchase XRP.

16 79. Defendants sold XRP to the general public through global, online cryptocurrency  
17 exchanges. XRP can be bought or sold on over 50 exchanges.

18 80. Every purchase of XRP by a member of the public is an investment contract.

19 81. Under Section 2(a)(1) of the Securities Act, a “security” is defined to include an  
20 “investment contract.” 15 U.S.C. § 77b(a)(1). An investment contract is “an investment of money  
21 in a common enterprise with profits to come solely from the efforts of others.” *S.E.C. v. W.J.*  
22 *Howey Co.*, 328 U.S. 293, 301 (1946). Specifically, a transaction qualifies as an investment  
23 contract and, thus, a security if it is: (1) an investment; (2) in a common enterprise; (3) with a  
24

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25 <sup>43</sup> @Warren Paul Anderson, <https://twitter.com/warpaul> (last visited on June 29, 2018).

26 <sup>44</sup> @bgarlinghouse, <https://twitter.com/bgarlinghouse/status/951461582424358912> (last visited on  
27 June 29, 2018).

1 reasonable expectation of profits; (4) to be derived from the entrepreneurial or managerial efforts of  
 2 others. *See United Housing Foundation, Inc. v. Forman*, 421 U.S. 837, 852-53 (1975). This  
 3 definition embodies a “flexible rather than a static principle, one that is capable of adaptation to  
 4 meet the countless and variable schemes devised by those who seek the use of the money of others  
 5 on the promise of profits,” and thereby “permits the fulfillment of the statutory purpose of  
 6 compelling full and fair disclosure relative to the issuance of ‘the many types of instruments that in  
 7 our commercial world fall within the ordinary concept of a security.’” *Howey*, 328 U.S. at 299.  
 8 Accordingly, in analyzing whether something is a security, “form should be disregarded for  
 9 substance,” and the emphasis should be “on economic realities underlying a transaction, and not on  
 10 the name appended thereto.” *Forman*, 421 U.S. at 849.

11 82. Plaintiff and the Class were investing in a common enterprise with a reasonable  
 12 expectation of profits when they invested in XRP.

13 83. The profits of Plaintiff and the Class are intertwined with the fortunes of Ripple  
 14 Labs. Ripple Labs concedes that it “sells XRP to fund its operations and promote the network.  
 15 This allows Ripple Labs to have a spectacularly skilled team to develop and promote the Ripple  
 16 protocol and network.”<sup>45</sup>

17 84. Notably, the SEC has already concluded that virtual currency substantially similar to  
 18 XRP are “securities and therefore subject to the federal securities laws.” As stated by the SEC,  
 19 “issuers of distributed ledger or blockchain technology-based securities must register offers and  
 20 sales of such securities unless a valid exemption applies.”<sup>46</sup>

21 85. No such valid exemption from registration requirements exists for XRP.

22 86. The current SEC Chairman, Jay Clayton, III, recently said, “I have yet to see an ICO  
 23 that doesn’t have a sufficient number of hallmarks of a security.”<sup>47</sup>

24 <sup>45</sup> Ripple credits, [https://wiki.ripple.com/Ripple credits#XRP](https://wiki.ripple.com/Ripple_credits#XRP) (last visited on June 29, 2018).

25 <sup>46</sup> Press Release: *SEC Issues Investigative Report Concluding DAO Tokens, a Digital Asset, Were*  
 26 *Securities*, SEC (July 25, 2017), <https://www.sec.gov/news/press-release/2017-131>.

27 <sup>47</sup> Dave Michaels and Paul Vigna, “SEC Fires Warning Shot Against Coin  
 28 Offerings,” WALL STREET JOURNAL (Nov. 9, 2017).

**CLASS ACTION ALLEGATIONS**

87. This suit is brought as a class action pursuant to Section 382 of the California Code of Civil Procedure, on behalf of a Class of all persons or entities who purchased XRP from July 3, 2015 through the present. Excluded from the Class are Defendants; the officers and directors of the Company and XRP II at all relevant times; members of their immediate families and their legal representatives, heirs, successors, or assigns; and any entity in which Defendants have or had a controlling interest.

88. Plaintiff reserves the right to amend the Class definition if further investigation and/or discovery indicate that the Class definition should be modified.

89. The members of the Class are so numerous that joinder of all members is impracticable. While the exact number of Class members is unknown to Plaintiff at this time and can only be ascertained through appropriate discovery, Plaintiff believes that there are thousands of members of the proposed Class. The members of the proposed Class may be identified from records maintained by the Company and may be notified of the pendency of this action by mail, using customary forms of notice that are commonly used in securities class actions.

90. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by Defendants' wrongful conduct.

91. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation.

92. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

- (a) whether XRP are securities under the Securities Act;
- (b) whether the sale of XRP violates the registration requirements of the Securities Act; and
- (c) to what extent Plaintiff and members of the Class have sustained damages and the proper measure of damages.

1 93. A class action is superior to all other available methods for the fair and efficient  
 2 adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the  
 3 damages suffered by individual Class members may be relatively small, the expense and burden of  
 4 individual litigation make it impossible for members of the Class to individually redress the wrongs  
 5 done to them. There will be no difficulty in the management of this action as a class action.

## 6 **CAUSES OF ACTION**

### 7 **FIRST CAUSE OF ACTION**

#### 8 **Unregistered Offering and Sale of Securities in Violation of** 9 **Sections 5 and 12(a)(1) of the Securities Act** 10 **(Against All Defendants)**

11 94. Plaintiff, on behalf of himself and all others similarly situated, realleges and incorporates  
 12 herein by reference each and every allegation contained in the preceding paragraphs of this complaint,  
 13 and further alleges as follows:

14 95. Defendants, and each of them, by engaging in the conduct described above, directly or  
 15 indirectly, made use of means or instruments of transportation or communication in interstate commerce  
 16 or of the mails, to offer to sell or to sell securities, or to carry or cause such securities to be carried  
 17 through the mails or in interest commerce for the purpose of sale or for delivery after sale.

18 96. XRP are securities within the meaning of Section 2(a)(1) of the Securities Act, 15 U.S.C.  
 19 §77b(a)(1).

20 97. Plaintiff and members of the Class purchased XRP securities.

21 98. No registration statements have been filed with the SEC or have been in effect with  
 22 respect to any of the offerings alleged herein. No exemption to the registration requirement applies.

23 99. SEC Rule 159A provides that, for purposes of Section 12(a)(2), an “issuer” in “a primary  
 24 offering of securities” shall be considered a statutory seller. 17 C.F.R. § 230.159A(a). The Securities  
 25 Act in turn defines “issuer” to include every person who issues or proposes to issue any security. 15  
 26 U.S.C. § 77b(a)(4). Ripple Labs and XRP II are issuers of XRP.

27 100. The U.S. Supreme Court has held that statutory sellers under §12(a)(1) also include “the  
 28 buyer’s immediate seller” and any person who actively solicited the sale of the securities to plaintiff and

1 did so for financial gain. *See Pinter v. Dahl*, 486 U.S. 622, 644 n.21 & 647 (1988); *accord, e.g., Steed*  
 2 *Finance LDC v. Nomura Sec. Int'l, Inc.* No. 00 Civ. 8058, 2001 WL 1111508, at \*7 (S.D.N.Y. Sept. 20,  
 3 2001). That is, §12(a)(1) liability extends to sellers who actively solicit the sale of securities with a  
 4 motivation to serve their own financial interest or those of the securities owner. *Pinter v. Dahl*, 486 U.S.  
 5 622, 647 (1988); *Capri v. Murphy*, 856 F.2d 473, 478 (2d Cir. 1988). Ripple Labs, XRP II, and the  
 6 Individual Defendants are all statutory sellers.

7 101. By reason of the foregoing, each of the Defendants have violated Sections 5(a), 5(c), and  
 8 12(a) of the Securities Act, 15 U.S.C. §§77e(a), 77e(c), and 771(a).

9 102. As a direct and proximate result of Defendants' unregistered sale of securities, Plaintiff  
 10 and the Class have suffered damages in connection with their XRP purchases.

## 11 SECOND CAUSE OF ACTION

### 12 Violation of Section 15 of the Securities Act 13 (Against Ripple Labs and the Individual Defendants)

14 103. Plaintiff, on behalf of himself and all others similarly situated, realleges and incorporates  
 15 herein by reference, each and every allegation contained in the preceding paragraphs of this Complaint,  
 16 and further alleges as follows:

17 104. This Count is asserted against Defendants Ripple Labs and the Individual Defendants  
 18 (collectively, the "Control Person Defendants") under Section 15 of the Securities Act, 15 U.S.C. §77o.

19 105. The Control Person Defendants, by virtue of their offices, ownership, agency, agreements  
 20 or understandings, and specific acts were, at the time of the wrongs alleged herein, and as set forth  
 21 herein, controlling persons within the meaning of Section 15 of the Securities Act. The Control Person  
 22 Defendants, and each of them, had the power and influence and exercised the same to cause the  
 23 unlawful offer and sale of XRP securities as described herein.

24 106. The Control Person Defendants, separately or together, possess, directly or indirectly, the  
 25 power to direct or cause the direction of the management and policies of XRP II, through ownership of  
 26 voting securities, by contract, subscription agreement, or otherwise.

27 107. The Control Person Defendants also have the power to direct or cause the direction of the  
 28 management and policies of Ripple Labs.



1 I Awarding Plaintiff and the other members of the Class such other and further relief as the  
2 Court may deem just and proper.

3  
4 DATED: July 3, 2018

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CM-010

ATTORNEY OR PARTY WITHOUT ATTORNEY (Name, State Bar number, and address): <b>John T. Jasnoch (281605)</b> <b>Scott+Scott Attorneys at Law LLP</b> 600 W. Broadway, Suite 3300 San Diego, CA 92101 TELEPHONE NO: 619-233-4565 FAX NO: 619-233-0508 ATTORNEY FOR (Name): <b>Plaintiff Avner Greenwald</b>		FOR COURT USE ONLY  <b>FILED</b> <b>SAN MATEO COUNTY</b>  <b>JUL 03 2018</b>  Clerk of the Superior Court By  <b>DEPUTY CLERK</b>	
SUPERIOR COURT OF CALIFORNIA, COUNTY OF <b>San Mateo</b> STREET ADDRESS: <b>400 County Center</b> MAILING ADDRESS: _____ CITY AND ZIP CODE: <b>Redwood City, CA 94063</b> BRANCH NAME: <b>Southern Branch (Hall of Justice)</b>			
CASE NAME: <b>Greenwald v. Ripple Labs, Inc.</b>			
<b>CIVIL CASE COVER SHEET</b> <input checked="" type="checkbox"/> <b>Unlimited</b> (Amount demanded exceeds \$25,000) <input type="checkbox"/> <b>Limited</b> (Amount demanded is \$25,000 or less)		<b>Complex Case Designation</b> <input type="checkbox"/> <b>Counter</b> <input type="checkbox"/> <b>Joinder</b> Filed with first appearance by defendant (Cal. Rules of Court, rule 3.402)	
		CASE NUMBER: <b>18CV03461</b> JUDGE: _____ DEPT: _____	

Items 1-6 below must be completed (see instructions on page 2).

1. Check one box below for the case type that best describes this case:

<b>Auto Tort</b> <input type="checkbox"/> Auto (22) <input type="checkbox"/> Uninsured motorist (46) <b>Other PI/PD/WD (Personal Injury/Property Damage/Wrongful Death) Tort</b> <input type="checkbox"/> Asbestos (04) <input type="checkbox"/> Product liability (24) <input type="checkbox"/> Medical malpractice (45) <input type="checkbox"/> Other PI/PD/WD (23) <b>Non-PI/PD/WD (Other) Tort</b> <input type="checkbox"/> Business tort/unfair business practice (07) <input type="checkbox"/> Civil rights (08) <input type="checkbox"/> Defamation (13) <input type="checkbox"/> Fraud (16) <input type="checkbox"/> Intellectual property (19) <input type="checkbox"/> Professional negligence (25) <input type="checkbox"/> Other non-PI/PD/WD tort (35) <b>Employment</b> <input type="checkbox"/> Wrongful termination (36) <input type="checkbox"/> Other employment (15)	<b>Contract</b> <input type="checkbox"/> Breach of contract/warranty (06) <input type="checkbox"/> Rule 3.740 collections (09) <input type="checkbox"/> Other collections (09) <input type="checkbox"/> Insurance coverage (18) <input type="checkbox"/> Other contract (37) <b>Real Property</b> <input type="checkbox"/> Eminent domain/inverse condemnation (14) <input type="checkbox"/> Wrongful eviction (33) <input type="checkbox"/> Other real property (26) <b>Unlawful Detainer</b> <input type="checkbox"/> Commercial (31) <input type="checkbox"/> Residential (32) <input type="checkbox"/> Drugs (38) <b>Judicial Review</b> <input type="checkbox"/> Asset forfeiture (05) <input type="checkbox"/> Petition re: arbitration award (11) <input type="checkbox"/> Writ of mandate (02) <input type="checkbox"/> Other judicial review (39)	<b>Provisionally Complex Civil Litigation</b> (Cal. Rules of Court, rules 3.400-3.403) <input type="checkbox"/> Antitrust/Trade regulation (03) <input type="checkbox"/> Construction defect (10) <input type="checkbox"/> Mass tort (40) <input checked="" type="checkbox"/> Securities litigation (28) <input type="checkbox"/> Environmental/Toxic tort (30) <input type="checkbox"/> Insurance coverage claims arising from the above listed provisionally complex case types (41) <b>Enforcement of Judgment</b> <input type="checkbox"/> Enforcement of judgment (20) <b>Miscellaneous Civil Complaint</b> <input type="checkbox"/> RICO (27) <input type="checkbox"/> Other complaint (not specified above) (42) <b>Miscellaneous Civil Petition</b> <input type="checkbox"/> Partnership and corporate governance (21) <input type="checkbox"/> Other petition (not specified above) (43)
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2. This case ☒ is ☐ is not complex under rule 3.400 of the California Rules of Court. If the case is complex, mark the factors requiring exceptional judicial management:
- |   |   |
|---|---|
| a. <input checked="" type="checkbox"/> Large number of separately represented parties<br>b. <input checked="" type="checkbox"/> Extensive motion practice raising difficult or novel issues that will be time-consuming to resolve<br>c. <input checked="" type="checkbox"/> Substantial amount of documentary evidence | d. <input checked="" type="checkbox"/> Large number of witnesses<br>e. <input type="checkbox"/> Coordination with related actions pending in one or more courts in other counties, states, or countries, or in a federal court<br>f. <input type="checkbox"/> Substantial postjudgment judicial supervision |
|---|---|
3. Remedies sought (check all that apply): a. ☒ monetary b. ☒ nonmonetary; declaratory or injunctive relief c. ☐ punitive
4. Number of causes of action (specify): There are two: 15 U.S.C. sections 771 and 770
5. This case ☒ is ☐ is not a class action suit.
6. If there are any known related cases, file and serve a notice of related case: (You may use form CM-015.)

Date: July 3, 2018

John T. Jasnoch

(TYPE OR PRINT NAME)

(SIGNATURE OF PARTY OR ATTORNEY FOR PARTY)

**NOTICE**

- Plaintiff must file this cover sheet with the first paper filed in the action or proceeding (except small claims cases or cases filed under the Probate Code, Family Code, or Welfare and Institutions Code). (Cal. Rules of Court, rule 3.220.) Failure to file may result in sanctions.
- File this cover sheet in addition to any cover sheet required by local court rule.
- If this case is complex under rule 3.400 et seq. of the California Rules of Court, you must serve a copy of this cover sheet on all other parties to the action or proceeding.
- Unless this is a collections case under rule 3.740 or a complex case, this cover sheet will be used for statistical purposes only.

Page 1 of 2

18 - CIV - 03461  
CCCS  
Civil Case Cover Sheet  
1244163

FILE BY FAX

CM-010

**INSTRUCTIONS ON HOW TO COMPLETE THE COVER SHEET**

**To Plaintiffs and Others Filing First Papers.** If you are filing a first paper (for example, a complaint) in a civil case, you **must** complete and file, along with your first paper, the *Civil Case Cover Sheet* contained on page 1. This information will be used to compile statistics about the types and numbers of cases filed. You must complete items 1 through 6 on the sheet. In item 1, you must check **one** box for the case type that best describes the case. If the case fits both a general and a more specific type of case listed in item 1, check the more specific one. If the case has multiple causes of action, check the box that best indicates the **primary** cause of action. To assist you in completing the sheet, examples of the cases that belong under each case type in item 1 are provided below. A cover sheet must be filed only with your initial paper. Failure to file a cover sheet with the first paper filed in a civil case may subject a party, its counsel, or both to sanctions under rules 2.30 and 3.220 of the California Rules of Court.

**To Parties in Rule 3.740 Collections Cases.** A "collections case" under rule 3.740 is defined as an action for recovery of money owed in a sum stated to be certain that is not more than \$25,000, exclusive of interest and attorney's fees, arising from a transaction in which property, services, or money was acquired on credit. A collections case does not include an action seeking the following: (1) tort damages, (2) punitive damages, (3) recovery of real property, (4) recovery of personal property, or (5) a prejudgment writ of attachment. The identification of a case as a rule 3.740 collections case on this form means that it will be exempt from the general time-for-service requirements and case management rules, unless a defendant files a responsive pleading. A rule 3.740 collections case will be subject to the requirements for service and obtaining a judgment in rule 3.740.

**To Parties in Complex Cases.** In complex cases only, parties must also use the *Civil Case Cover Sheet* to designate whether the case is complex. If a plaintiff believes the case is complex under rule 3.400 of the California Rules of Court, this must be indicated by completing the appropriate boxes in items 1 and 2. If a plaintiff designates a case as complex, the cover sheet must be served with the complaint on all parties to the action. A defendant may file and serve no later than the time of its first appearance a joinder in the plaintiff's designation, a counter-designation that the case is not complex, or, if the plaintiff has made no designation, a designation that the case is complex.

**CASE TYPES AND EXAMPLES****Auto Tort**

Auto (22)—Personal Injury/Property Damage/Wrongful Death  
Uninsured Motorist (46) *(if the case involves an uninsured motorist claim subject to arbitration, check this item instead of Auto)*

**Other PI/PD/WD (Personal Injury/Property Damage/Wrongful Death) Tort**

Asbestos (04)  
Asbestos Property Damage  
Asbestos Personal Injury/Wrongful Death  
Product Liability *(not asbestos or toxic/environmental)* (24)  
Medical Malpractice (45)  
Medical Malpractice—  
Physicians & Surgeons  
Other Professional Health Care Malpractice  
Other PI/PD/WD (23)  
Premises Liability (e.g., slip and fall)  
Intentional Bodily Injury/PD/WD (e.g., assault, vandalism)  
Intentional Infliction of Emotional Distress  
Negligent Infliction of Emotional Distress  
Other PI/PD/WD

**Non-PI/PD/WD (Other) Tort**

Business Tort/Unfair Business Practice (07)  
Civil Rights (e.g., discrimination, false arrest) *(not civil harassment)* (08)  
Defamation (e.g., slander, libel) (13)  
Fraud (16)  
Intellectual Property (19)  
Professional Negligence (25)  
Legal Malpractice  
Other Professional Malpractice *(not medical or legal)*  
Other Non-PI/PD/WD Tort (35)

**Employment**

Wrongful Termination (36)  
Other Employment (15)

**Contract**

Breach of Contract/Warranty (06)  
Breach of Rental/Lease  
Contract *(not unlawful detainer or wrongful eviction)*  
Contract/Warranty Breach—Seller Plaintiff *(not fraud or negligence)*  
Negligent Breach of Contract/Warranty  
Other Breach of Contract/Warranty  
Collections (e.g., money owed, open book accounts) (09)  
Collection Case—Seller Plaintiff  
Other Promissory Note/Collections Case  
Insurance Coverage *(not provisionally complex)* (18)  
Auto Subrogation  
Other Coverage  
Other Contract (37)  
Contractual Fraud  
Other Contract Dispute

**Real Property**

Eminent Domain/Inverse Condemnation (14)  
Wrongful Eviction (33)  
Other Real Property (e.g., quiet title) (26)  
Writ of Possession of Real Property  
Mortgage Foreclosure  
Quiet Title  
Other Real Property *(not eminent domain; landlord/tenant, or foreclosure)*

**Unlawful Detainer**

Commercial (31)  
Residential (32)  
Drugs (38) *(if the case involves illegal drugs, check this item; otherwise, report as Commercial or Residential)*

**Judicial Review**

Asset Forfeiture (05)  
Petition Re: Arbitration Award (11)  
Writ of Mandate (02)  
Writ—Administrative Mandamus  
Writ—Mandamus on Limited Court Case Matter  
Writ—Other Limited Court Case Review  
Other Judicial Review (39)  
Review of Health Officer Order  
Notice of Appeal—Labor Commissioner Appeals

**Provisionally Complex Civil Litigation (Cal. Rules of Court Rules 3.400–3.403)**

Antitrust/Trade Regulation (03)  
Construction Defect (10)  
Claims Involving Mass Tort (40)  
Securities Litigation (28)  
Environmental/Toxic Tort (30)  
Insurance Coverage Claims *(arising from provisionally complex case type listed above)* (41)

**Enforcement of Judgment**

Enforcement of Judgment (20)  
Abstract of Judgment (Out of County)  
Confession of Judgment *(non-domestic relations)*  
Sister State Judgment  
Administrative Agency Award *(not unpaid taxes)*  
Petition/Certification of Entry of Judgment on Unpaid Taxes  
Other Enforcement of Judgment Case

**Miscellaneous Civil Complaint**

RICO (27)  
Other Complaint *(not specified above)* (42)  
Declaratory Relief Only  
Injunctive Relief Only *(non-harassment)*  
Mechanics Lien  
Other Commercial Complaint Case *(non-tort/non-complex)*  
Other Civil Complaint *(non-tort/non-complex)*

**Miscellaneous Civil Petition**

Partnership and Corporate Governance (21)  
Other Petition *(not specified above)* (43)  
Civil Harassment  
Workplace Violence  
Elder/Dependent Adult Abuse  
Election Contest  
Petition for Name Change  
Petition for Relief From Late Claim  
Other Civil Petition

SUM-100

# SUMMONS (CITACION JUDICIAL)

## NOTICE TO DEFENDANT: (AVISO AL DEMANDADO):

AVNER GREENWALD, Individually and on Behalf of All Others  
Similarly Situated

## YOU ARE BEING SUED BY PLAINTIFF: (LO ESTÁ DEMANDANDO EL DEMANDANTE):

RIPPLE LABS, INC., a Delaware corporation, XRP II, LLC, a South  
Carolina Limited Liability Company, BRADLEY GARLINGHOUSE,

FOR COURT USE ONLY  
(SOLO PARA USO DE LA CORTE)

**FILED**  
SAN MATEO COUNTY

JUL 03 2018

Clerk of the Superior Court

By DEPUTY CLERK

**NOTICE!** You have been sued. The court may decide against you without your being heard unless you respond within 30 days. Read the information below:

You have 30 CALENDAR DAYS after this summons and legal papers are served on you to file a written response at this court and have a copy served on the plaintiff. A letter or phone call will not protect you. Your written response must be in proper legal form if you want the court to hear your case. There may be a court form that you can use for your response. You can find these court forms and more information at the California Courts Online Self-Help Center ([www.courtinfo.ca.gov/selfhelp](http://www.courtinfo.ca.gov/selfhelp)), your county law library, or the courthouse nearest you. If you cannot pay the filing fee, ask the court clerk for a fee waiver form. If you do not file your response on time, you may lose the case by default, and your wages, money, and property may be taken without further warning from the court.

There are other legal requirements. You may want to call an attorney right away. If you do not know an attorney, you may want to call an attorney referral service. If you cannot afford an attorney, you may be eligible for free legal services from a nonprofit legal services program. You can locate these nonprofit groups at the California Legal Services Web site ([www.lawhelpcalifornia.org](http://www.lawhelpcalifornia.org)), the California Courts Online Self-Help Center ([www.courtinfo.ca.gov/selfhelp](http://www.courtinfo.ca.gov/selfhelp)), or by contacting your local court or county bar association. **NOTE:** The court has a statutory lien for waived fees and costs on any settlement or arbitration award of \$10,000 or more in a civil case. The court's lien must be paid before the court will dismiss the case. **AVISO!** Lo han demandado. Si no responde dentro de 30 días, la corte puede decidir en su contra sin escuchar su versión. Lea la información a continuación.

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The name and address of the court is:  
(El nombre y dirección de la corte es) **San Mateo Superior Court**  
400 County Center, Redwood City, CA 94063

CASE NUMBER  
(Número de Caso) **18 CIV 03461**

The name, address, and telephone number of plaintiff's attorney, or plaintiff without an attorney, is:  
(El nombre, la dirección y el número de teléfono del abogado del demandante, o del demandante que no tiene abogado, es):  
**John T. Jasnoch, 600 W. Broadway, Suite 3300, San Diego, CA 92101, 619-233-4565**

DATE: **JUL 03 2018**  
(Fecha)

**RODINA M. CATALANO**

Clerk, by  
(Secretario)

Deputy  
(Adjunto)

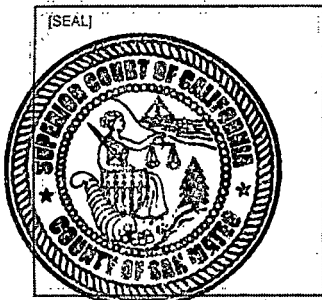
(For proof of service of this summons, use Proof of Service of Summons (form POS-010).)

(Para prueba de entrega de esta citación use el formulario Proof of Service of Summons, (POS-010).)

### NOTICE TO THE PERSON SERVED: You are served

1. ☐ as an individual defendant.
2. ☐ as the person sued under the fictitious name of (specify):
3. ☐ on behalf of (specify):  
under: ☐ CCP 416.10 (corporation) ☐ CCP 416.60 (minor)  
☐ CCP 416.20 (defunct corporation) ☐ CCP 416.70 (conservatee)  
☐ CCP 416.40 (association or partnership) ☐ CCP 416.90 (authorized person)  
☐ other (specify):
4. ☐ by personal delivery on (date):

18 - CIV - 03461  
SUM  
Summons Issued / Filed  
1244164



SUM-200(A)

SHORT TITLE:

Greenwald v. Ripple Labs, Inc., et al..

CASE NUMBER:

18CV00401

## INSTRUCTIONS FOR USE

- ➔ This form may be used as an attachment to any summons if space does not permit the listing of all parties on the summons.
- ➔ If this attachment is used, insert the following statement in the plaintiff or defendant box on the summons: "Additional Parties Attachment form is attached."

List additional parties (Check only one box. Use a separate page for each type of party.):

☐ Plaintiff
 ☒ Defendant
 ☐ Cross-Complainant
 ☐ Cross-Defendant

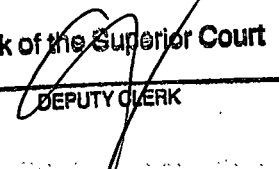
CHRISTIAN LARSEN, RON WILL, ANTOINETTE O'GORMAN, ERIC VAN MILTENBURG, SUSAN ATHEY, ZOË CRUZ, KEN KURSON, BEN LAWSKY, ANJA MANUEL, and TAKASHI OKITA,

Defendants:

Page 2 of 2

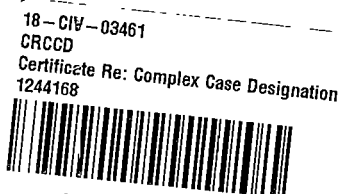
Page 1 of 1



<b>Attorney or Party without Attorney (Name/Address)</b> John T. Jasnoch (281605) SCOTT+SCOTT ATTORNEYS AT LAW LLP 600 W. Broadway, Suite 3300 San Diego, CA 92101 Telephone: 619-233-4565 State Bar No.: 281605 Attorney for: Plaintiff	<b>FOR COURT USE ONLY</b>  <div style="text-align: center;"><b>FILED</b></div> <div style="text-align: center;"><b>SAN MATEO COUNTY</b></div> <div style="text-align: center;">JUL 03 2018</div> <div style="text-align: center;">Clerk of the Superior Court</div> <div style="text-align: center;">By  DEPUTY CLERK</div> <div style="text-align: center;">Case Number <b>18 CIV 03461</b></div>
<b>SUPERIOR COURT OF CALIFORNIA</b> <b>COUNTY OF SAN MATEO</b> 400 COUNTY CENTER REDWOOD CITY, CA 94063	
<b>Plaintiff</b> AVNER GREENWALD	
<b>Defendant</b> RIPPLE LABS, INC. et al.	
<div style="text-align: center;"><b>Certificate Re: Complex Case Designation</b></div>	

**This certificate must be completed and filed with your Civil Case Cover Sheet if you have checked a Complex Case designation or Counter-Designation**

1. In the attached Civil Case Cover Sheet, this case is being designated or counter-designated as a complex case [or as not a complex case] because at least one or more of the following boxes has been checked:
  - ☒ Box 1 – Case type that is best described as being [or not being] provisionally complex civil litigation (i.e., antitrust or trade regulation claims, construction defect claims involving many parties or structures, securities claims or investment losses involving many parties, environmental or toxic tort claims involving many parties, claims involving mass torts, or insurance coverage claims arising out of any of the foregoing claims).
  - ☐ Box 2 – Complex [or not complex] due to factors requiring exceptional judicial management
  - ☐ Box 5 – Is [or is not] a class action suit.
  
2. This case is being so designated based upon the following supporting information [including, without limitation, a brief description of the following factors as they pertain to this particular case: (1) management of a large number of separately represented parties; (2) complexity of anticipated factual and/or legal issues; (3) numerous pretrial motions that will be time-consuming to resolve; (4) management of a large number of witnesses or a substantial amount of documentary evidence; (5) coordination with related actions



FILE BY FAX

pending in one or more courts in other counties, states or countries or in a federal court; (6) whether or not certification of a putative class action will in fact be pursued; and (7) substantial post-judgment judicial supervision];

(1), (2), (3), (4) and (6), this is a securities class action under the Securities Act of 1933 that charges a company and certain of its officers and directors with unregistered sale of securities to investors in violation of the Securities Act. Defendants will obtain separate counsel, and there will be a large number of witnesses and a substantial amount of documentary evidence. Plaintiff will seek class certification.

*(attach additional pages if necessary)*

3. Based on the above-stated supporting information, there is a reasonable basis for the complex case designation or counter-designation [or noncomplex case counter-designation] being made in the attached Civil Case Cover Sheet.

\*\*\*\*\*

I, the undersigned counsel or self-represented party, hereby certify that the above is true and correct and that I make this certification subject to the applicable provisions of California Code of Civil Procedure, Section 128.7 and/or California Rules of Professional Conduct, Rule 5-200 (B) and San Mateo County Superior Court Local Rules, Local Rule 2.30.

Dated: 07/03/18

John T. Jasnoch

[Type or Print Name]



[Signature of Party or Attorney For Party]

## NOTICE OF CASE MANAGEMENT CONFERENCE

Arner Greenwald**FILED**  
**SAN MATEO COUNTY**

Case No:

18 CIV 03461

vs.

Ripple Labs, Inc.Set for JUL 03 2018

Date:

NOV 01 2018

Clerk of the Superior Court

Time 9:00 a.m.

By

DEPUTY CLERK

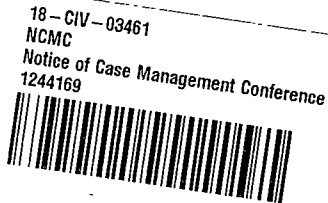
Dept.

21

Dept.

--on Tuesday &amp; Thursday

--on Wednesday &amp; Friday



You are hereby given notice of your Case Management Conference. The date, time and department have been written above.

1. In accordance with applicable California Rules of the Court and local Rules 2.3(d)1-4 and 2.3(m), you are hereby ordered to:
  - a) Serve all named defendants and file proofs of service on those defendants with the court within 60-days of filing the complaint (CRC 201.7).
  - b) Serve a copy of this notice, Case Management Statement and ADR Information Sheet on all named parties in this action.
  - c) File and serve a completed Case Management Statement at least 15-days before the Case Management Conference [CRC 212(g)]. Failure to do so may result in monetary sanctions.
  - d) Meet and confer, in person or by telephone, to consider each of the issues identified in CRC 212(f) no later than 30-days before the date set for the Case Management Conference.
2. If you fail to follow the orders above, you are ordered to show cause why you should not be sanctioned. The Order to Show Cause hearing will be at the same time as the Case Management Conference hearing. Sanctions may include monetary, evidentiary or issue sanctions as well as striking pleadings and/or dismissal.
3. Continuances of Case Management Conferences are highly disfavored unless good cause is shown.
4. Parties may proceed to an appropriate dispute resolution process ("ADR") by filing a Stipulation to ADR and Proposed Order (see attached form). If plaintiff files a Stipulation to ADR and Proposed Order electing to proceed to judicial arbitration, the Case Management Conference will be taken off the court calendar and the case will be referred to the Arbitration Administrator. If plaintiffs and defendants file a completed stipulation to another ADR process (e.g., mediation) 10-days prior to the first scheduled Case Management Conference, the Case Management Conference will be continued for 90-days to allow parties time to complete their ADR session. The court will notify parties of their new Case Management Conference date.
5. If you have filed a default or a judgment has been entered, your case is not automatically taken off Case Management Conference Calendar. If "Does", "Roes," etc. are named in your complaint, they must be dismissed in order to close the case. If any party is in bankruptcy, the case is stayed only as to that named party.
6. You are further ordered to appear in person\* (or through your attorney of record) at the Case Management Conference noticed above. You must be thoroughly familiar with the case and fully authorized to proceed.
7. The Case Management judge will issue orders at the conclusion of the conference that may include:
  - a) Referring parties to voluntary ADR and setting an ADR completion date;
  - b) Dismissing or severing claims or parties;
  - c) Setting a trial date.
8. The Case Management judge may be the trial judge in this case.

For further information regarding case management policies and procedures, see the court's website at: [www.sanmateocourt.org](http://www.sanmateocourt.org)

\*Telephonic appearances at case management conferences are available by contacting CourtCall, LLC, an independent vendor, at least five business days prior to the scheduled conference (see attached CourtCall information).

**ERIOR COURT OF SAN MATEO COUNTY**

Civil Department  
 400 County Center, Redwood City, CA 94063  
 (650) 261-5100  
 www.sanmateocourt.org

<p><b>AVNER GREENWALD</b>          Plaintiff (s)</p> <p>vs.</p> <p><b>RIPPLE LABS, INC., A DELAWARE CORPORATION</b>          Defendant (s)</p>	<p><b>Notice of Complex Case Status Conference</b></p> <p>Case No.: 18-CIV-03461      Date: <b>9/5/2018</b>          Time: <b>9:00 AM</b>          Dept. <b>PJ</b></p>
<p>Title: <b>AVNER GREENWALD VS. RIPPLE LABS, INC., A DELAWARE CORPORATION, ET AL</b></p>	

18 - CIV - 03461  
 NCCSC  
 Notice of Complex Case Status Conference  
 1244360



You are hereby given notice of your Complex Case Status Conference. The date, time and department have been written above. At this conference, the Presiding Judge will decide whether this action is a complex case within the meaning of California Rules Court ("CRC"), Rule 3.400, subdivision (a) and whether it should be assigned to a single judge for all purposes.

- In accordance with applicable **San Mateo County Local Rule 2.30**, you are hereby ordered to:
  - Serve** copies of this notice, your Civil Case Cover Sheet, and your Certificate Re: Complex Case Designation on all named parties in this action no later than service of your first appearance pleadings.
  - Give reason notice** of the Complex Case Status Conference to all named parties in this action, even if they have not yet made a first appearance or been formally served with the documents listed in subdivision (a). Such notice shall be given in the same manner as required for an ex parte application pursuant to CRC 3.1203.
- If you fail to follow the orders above, you are ordered to show cause why you should not be sanctioned. The Order to Show Cause hearing will be at the same time as the Complex Cause Status Conference. Sanctions may include monetary, evidentiary or issue sanctions as well as striking pleadings and/or dismissal.**
- An action is provisionally a complex case if it involves one or more of the following types of claims: (1) antitrust or trade regulation claims; (2) construction defect claims involving many parties or structures; (3) securities claims or investment losses involving many parties; (4) environmental or toxic tort claims involving many parties; (5) claims involving massive torts; (6) claims involving class actions; or (7) insurance coverage claims arising out of any of the claims listed in subdivisions (1) through (6). The Court shall treat a provisionally complex action as a complex case until the Presiding Judge has the opportunities to decide whether the action meets the definition in CRC 3.400(a).
- Any party who files either a Civil Case Cover Sheet (pursuant to CRC 3.401) or counter or joinder Civil Case Cover Sheet (pursuant to CRC 3.402, subdivision (b) or (C)), designating an action as a complex case in Items 1,2 and/or 5, must also file an accompanying Certificate Re: Complex Case Designation in the form prescribed by the Court. The certificate must include supporting information showing a reasonable basis for the complex case designation being sought. Such supporting information may include, without limitation, a brief description of the following factors as they pertain to the particular action: (1) management of a large number of separately represented parties; (2) complexity of anticipated factual and/or legal issues; (3) numerous pretrial motions that will be time-consuming to resolve; (4) management of a large number of witnesses or a substantial amount of documentary evidence; (5) coordination with related actions pending in one or more courts in other counties, states or countries or in a federal court; (6) whether or not certification of a putative class action will in fact be pursued; and (7) substantial post-judgment judicial supervision.



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**CLERK'S CERTIFICATE OF MAILING**

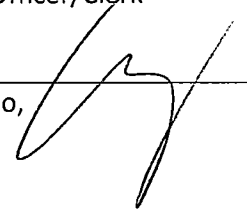
I hereby certify that I am the clerk of this court, not a party of this cause; that I served a copy of this notice on the below date, by placing a copy thereof in separate sealed envelopes addressed to the address shown by the records of this court as set forth above, and by then sealing said envelopes and depositing same, with postage fully pre-paid thereon, in the United States Mail at Red wood City, California.

Date: 7/5/2018

Rodina M. Catalano,  
Court Executive Officer/Clerk

By: \_\_\_\_\_

Antonio Geronimo,  
Deputy Clerk

A handwritten signature in black ink, appearing to be 'AG', is written over a horizontal line that serves as a signature line.

Copies mailed to:

JOHN T JASNOCH  
SCOTT+SCOTT ATTORNEYS AT LAW LLP  
600 W BROADWAY STE 3300  
SAN DIEGO CA 92101

**CORRECTED**  
**SUMMONS**  
**(CITACION JUDICIAL)**

SUM-100

**NOTICE TO DEFENDANT:**  
**(AVISO AL DEMANDADO):**

RIPLLE LABS, INC., a Delaware corporation, XRP II, LLC, a South Carolina Limited Liability Company, BRADLEY GARLINGHOUSE,

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**(LO ESTÁ DEMANDANDO EL DEMANDANTE):**

AVNER GREENWALD; Individually and on Behalf of All Others  
 Similarly Situated

FOR COURT USE ONLY  
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JUL 06 2018

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 (El nombre y dirección de la corte es): San Mateo Superior Court  
 400 County Center, Redwood City, CA 94063

CASE NUMBER:  
 (Número del Caso):

18CIV03461

The name, address, and telephone number of plaintiff's attorney, or plaintiff without an attorney, is:  
 (El nombre, la dirección y el número de teléfono del abogado del demandante, o del demandante que no tiene abogado, es):  
 John T. Jasnoch, 600 W. Broadway, Suite 3300, San Diego, CA 92101, 619-233-4565

DATE:  
 (Fecha) JUL 06 2018

RODINA M. CATALANO

Clerk, by  
 (Secretario)

Deputy  
 (Adjunto)

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18 - CIV - 03461  
 SUM  
 Summons Issued / Filed  
 1248641



SUM-200(A)

SHORT TITLE:

Greenwald v. Ripple Labs, Inc., et al.

CASE NUMBER:

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Defendants.

Page 2 of 2

Page 1 of 1